



Office of Inspector General

MEMORANDUM

DATE: April 20, 2018

TO: USAID/Bureau for Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audit Management Branch, Branch Chief, David A. McNeil

FROM: Acting Director of External Financial Audits, Abdoulaye Gueye /s/

SUBJECT: OMB Circular A-133 Audit of Relief International, Inc. and Subsidiary for the Fiscal Year Ended December 31, 2014 (3-000-18-017-T)

This memorandum transmits the final audit report on Relief International, Inc. and Subsidiary for the fiscal year Ended December 31, 2014. The audit report was obtained from the Federal Audit Clearinghouse. Crowe Horwath LLP and Crowe Clark Whitehill LLP performed the Office of Management and Budget OMB Circular A-133 audit.

Crowe Horwath LLP states it performed its audit in accordance with generally accepted government auditing standards for the report on the financial statements, the report on internal control over financial reporting and on compliance and other matters. Crowe Clark Whitehill LLP performed the report on compliance for each major federal program and internal control over compliance in accordance with generally accepted government auditing standards except that it did not have an external quality control review by an unaffiliated audit organization as required by U.S. Government Auditing Standards since no such program is offered by professional organizations in the United Kingdom. The audit firms are responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Relief International, Inc. and Subsidiary's financial statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

The audit's objectives were to: (1) express an opinion on whether the financial statements as of December 31, 2014 were presented fairly in all material respects; (2) express an opinion on whether the schedule of expenditures of federal awards as required by the OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*" is fairly stated in all material respects; (3) describe the scope of testing of internal control and compliance and the results of that testing and not to provide an opinion on its effectiveness; and (4) determine whether Relief International, Inc. and Subsidiary complied in all material respects with the types

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

of compliance requirements that could have a direct and material effect on each of its major federal programs. The schedule of expenditures of federal awards disclosed that audited Relief International, Inc. and Subsidiary expenditures for the fiscal year ended December 31, 2014 were \$18,335,087 and the U.S. Agency for International Development (USAID) audited expenditures were \$9,682,671 for the fiscal year ended December 31, 2014.

The auditors concluded that Relief International, Inc. had unmodified opinions on the financial statements, the schedule of expenditures of federal awards and the report on compliance for each major federal program. The auditor reported five findings. Findings 2014-001 and 2014-002 are significant deficiencies and findings 2014-003 and 2014-004 are material weaknesses in the report on internal control over financial reporting and findings 2014-001 through 2014-005 are significant deficiencies in the report on internal control over compliance. Findings 2014-001 through 2014-005 are instances of noncompliance in the report on compliance for each major federal program.

To address the issues identified in the report, we recommend that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division:

Recommendation 1.

Verify that Relief International, Inc. and Subsidiary corrects the two material weaknesses (Findings 2014-003 and 2014-004) and the two significant deficiencies (Findings 2014-001 and 2014-002) in internal control over financial reporting detailed on page II-1 of the report.

Recommendation 2.

Verify that Relief International, Inc. and Subsidiary corrects the five instances of noncompliance (Findings 2014-001 through 2014-005) detailed on page III-2 of the audit report.

Recommendation 3.

Verify that Relief International, Inc. and Subsidiary correct the five significant deficiencies (Findings 2014-001 through 2014-005) in internal control over compliance detailed on page III-2 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision. We appreciate the assistance extended during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential").

If you have any questions related to this report, please contact Steve Shea, assistant director, at (202) 712-1386 or sshea@usaid.gov.

Attachment: As stated

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